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Report of the Trade and Development Board on its sixty-first executive session*

Geneva, 24-26 June 2015

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Introduction

The sixty-first executive session of the Trade and Development Board was opened by the President of the Board on Monday, 24 June 2015. In the course of the session, the Board considered in particular issues concerning Africa, as well as other issues pertaining to UNCTAD.

I. Action by the Trade and Development Board

A. Activities undertaken by UNCTAD in support of Africa
(Agenda item 2)

1. The Board took note of the report by the secretariat on activities undertaken by UNCTAD in support of Africa, as contained in document TD/B/EX(61)/2.

B. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

1. Report of the Working Party on the Strategic Framework and Programme Budget
(Agenda item 3 (a))

2. The Vice-Chair-cum-Rapporteur of the seventieth session of the Working Party on the Strategic Framework and the Programme Budget presented the main outcomes as detailed in the report. The main item on the agenda was the secretariat's review of the report on the implementation of the communications strategy and publications policy, approved by the Trade and Development Board in 2009, which covered activities undertaken from January to December 2014.

3. The Board took note of the report of the seventieth session of the Working Party, as contained in document TD/B/WP/270.

2. Report of the Investment, Enterprise and Development Commission
(Agenda item 3 (b))

4. The Board took note of the report of the Investment, Enterprise and Development Commission on its seventh session (TD/B/C.II/31 and Corr.1), as presented by its Chair, and endorsed the agreed conclusions contained therein.

3. Report of the Trade and Development Commission
(Agenda item 3 (c))

5. The Board took note of the report of the Trade and Development Commission on its seventh session, as contained in document TD/B/C.I/38, and endorsed the agreed conclusions contained therein.

6. The Board also took note of the additions that one delegation proposed to be included in the Chair's summary and another delegation, to the attendance list. The additions would be issued as a corrigendum.

C. Preparatory process for the fourteenth session of the Conference
(Agenda item 4)

7. Under this agenda item, following the consultations of the President of 30 April 2015, a series of open-ended informal consultations were held with a view to reviewing proposals on the theme and sub-themes for the fourteenth session of the Conference (UNCTAD XIV). During the course of the session, discussions on the theme and sub-themes continued, and delegations reached provisional agreement on sub-theme 4. As agreement on the theme and the remaining sub-themes was outstanding, negotiations would continue after the session.

D. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Trade and Development Board
(Agenda item 5)

8. The Board approved the application from Save the Earth Cambodia, as contained in document TD/B/EX(61)/R.1, to be granted observer status with UNCTAD under the general category.

E. Other business
(Agenda item 6)

9. Under this agenda item, the Board considered accreditation of civil society organizations and non-governmental organizations for the purposes of UNCTAD XIV and its preparatory process.

10. In accordance with past practice for quadrennial Conferences, civil society organizations not enjoying observer status with UNCTAD were allowed to apply for accreditation to a Conference and its preparatory process. All applications for accreditation were submitted to member States for consideration.

11. The Board thus approved the following accreditation modalities for the participation of civil society organizations in the preparatory process and UNCTAD XIV:

(a) Adopting the same arrangements for the accreditation and participation of civil society in UNCTAD XIV and its preparatory meetings:

(i) The lists of names of civil society and non-governmental organizations accredited to UNCTAD XIII would be submitted to member States for consideration. This would avoid requesting the same organizations to reapply for accreditation for UNCTAD XIV and resubmit all the required documentation.

(ii) Lists of additional organizations (not enjoying observer status with UNCTAD) applying for accreditation to UNCTAD XIV would be submitted electronically to member States for approval.

(b) As per previous practice, hearings with civil society, parliamentarians and the private sector would be convened as part of the Preparatory Committee meetings. There would be two hearings prior to UNCTAD XIV (one at the end of 2015 and one in early 2016). The dates would be confirmed once the Preparatory Committee was established.

12. Under the agenda item, the Board also considered the draft provisional agenda for the sixty-first session of the Trade and Development Board to be held in September 2015. Following discussions and negotiations, the Board did not reach consensus on the draft provisional agenda.

II. President's summary

13. The discussions focused on Africa were divided into two parts. The morning segment consisted of a presentation of the report on activities undertaken by UNCTAD in support of Africa, as contained in document TD/B/EX(61)/2. The afternoon segment consisted of a panel discussion based on the background note on revisiting debt sustainability in Africa, as contained in document TD/B/EX(61)/3.

A. Activities undertaken by UNCTAD in support of Africa: Part I
(Agenda item 2)

Opening statements and discussions

14. The executive session was opened by the President of the Trade and Development Board. The Secretary-General of UNCTAD made the opening statement, and the Director of the Division for Africa, Least Developed Countries and Special Programmes made a presentation on the agenda item. The representatives of the following delegations made statements: the Philippines, on behalf of the G77 and China; the United Republic of Tanzania, on behalf of the African Group; the Bolivarian Republic of Venezuela, on behalf of the Group of Latin American and Caribbean Countries; Benin, on behalf of the least developed countries; the European Union, on behalf of the European Union and its member States; Iraq on behalf of the Arab Group; the United States of America, on behalf of the JUSSCANNZ group; Paraguay, on behalf of the landlocked developing countries; Zimbabwe; China; Morocco; Ethiopia; Kenya; and Angola.

15. The Secretary-General of briefly summarized ongoing and past UNCTAD work in Africa, drawing attention to the growing popularity of the UNCTAD competition policy and consumer protection programme in Eastern and West Africa and the Maghreb region, and the Train for Trade programme. He also mentioned his participation at the third tripartite summit of Heads of State and Government of the Common Market for Eastern and Southern Africa, East African Community and Southern African Development Community in early June, in Sharm el-Sheik (Egypt), and the presentation of the UNCTAD *Economic Development in Africa Report 2014* at the recent World Economic Forum on Africa in Cape Town (South Africa). He stressed the importance for the region of the forthcoming tenth Ministerial Conference of the World Trade Organization in Nairobi and reiterated that the region's greatest challenges consisted of sustaining economic growth while creating jobs and accelerating structural transformation. The importance of political will as a factor in enabling trade facilitation was also mentioned, such as in the case of the East African Community countries. He highlighted the impressive improvements in resources made by the Democratic Republic of the Congo as a result of the UNCTAD Automated System for Customs Data programme. The Director of the Division for Africa, Least Developed Countries and Special Programmes highlighted the role of peace and security in enabling countries to reap

the gains from trade and emphasized the contribution of UNCTAD to the updating of Diagnostic Trade Integrated Studies in several African countries and in assisting countries such as Angola in graduating from least developed country status.

16. During the statements made by the representatives of several regional groups and delegations, the following selected points were raised: (a) the current report on activities in support of Africa marked a qualitative improvement on previous reports by stimulating discussion on the positive impact of UNCTAD activities on the continent; (b) the importance of political will, in addition to resources, goals and mandates, to take international development cooperation to a higher level; (c) the best standard against which UNCTAD could be measured was in its transformative presence and positive impact on the economic development of African countries and, furthermore, that UNCTAD should seek to adopt a more transformative and ambitious policy agenda; (d) the need to reform international investment agreements so that they contributed towards sustainable development; (e) sovereign debt management should be considered as a theme for the high-level segment of the Trade and Development Board in September 2015, and UNCTAD work in this area should link up with the sovereign debt restructuring processes being discussed in New York; (f) UNCTAD should ensure proper translation of all its flagship reports and documents into the six official languages of the United Nations; (g) UNCTAD should focus on research issues in the fields of regional integration between developing countries, trade, economic diversification and education, and the role of the private sector and of women's empowerment in enhancing productive capacities; and (h) UNCTAD should do more work in the area of debt and debt sustainability as well as better promulgate the UNCTAD Principles on Responsible Sovereign Lending and Borrowing.

17. The representatives of some regional groups expressed concern regarding the postponement of the launch of the UNCTAD *Trade and Development Report 2015*. Delegations maintained that in the future there should be greater consultation between UNCTAD and member States on such matters.

18. During the discussions, one delegation expressed satisfaction that the report on activities in support of Africa included a general impact assessment of activities in African countries and solicited UNCTAD to continue to support the national development efforts of Ethiopia. Another delegation warned of the impact that falling commodity prices, coupled with rising international interest rates and a stronger dollar, could have on the indebtedness of African countries, while the representative of one regional group reiterated the importance of industrialization and agricultural productivity improvements for Africa. Another regional group expressed the wish for the Vienna Programme of Action for Landlocked Developing Countries to be mainstreamed into UNCTAD's mandate. Another delegation expressed appreciation for UNCTAD support in assisting Angola in the least developed country graduation process. Issues considered of interest for developing countries and for Africa covered a range of areas, including the following: foreign direct investment, technology transfer, agricultural productivity improvements and agricultural investments, building of linkages across economic sectors, debt sustainability, continued official development assistance (ODA) and renewal of commitments of Development Assistance Committee donors to grant 0.7 per cent of their gross national income to development assistance, the pursuit of structural transformation and industrialization, political will for reforms and cooperation,

reform of the global financial architecture, innovation and strengthening of government institutions.

19. Delegations felt that UNCTAD could assist member States in preparing for the four major summits of the year, namely: the third International Conference on Financing for Development in Addis Ababa in July 2015, the United Nations General Assembly meeting in September on the post-2015 sustainable development goals, the tenth Ministerial Conference of the World Trade Organization in Nairobi in December 2015 and the United Nations Climate Change Conference in Paris in November-December 2015.

B. Activities undertaken by UNCTAD in support of Africa: Part II

Panel session: Revisiting debt sustainability in Africa
(Agenda item 2)

20. The panel debate on the theme of revisiting debt sustainability in Africa drew on the background note (TD/B/X(61)/3) to guide the discussions.

21. The panel comprised three experts from the following institutions: the American University, the Financial Management Institute of Eastern and Southern Africa and the Overseas Development Institute. The panellists made presentations on the issue of revisiting debt sustainability in Africa and what African Governments, multilateral development banks and development partners needed to consider in the context of financing for development to avoid debt crises.

22. Some panellists mentioned several policy lessons from the past that were critical for debt sustainability and for avoiding another debt crisis. For example, though debt sustainability was never guaranteed, sound macroeconomic policies were a critical factor, as well as reducing the vulnerability to exogenous shocks, practicing prudent lending and sound debt management. However, they also cautioned that any severe shock a country experienced, such as the recent Ebola outbreak, could be enough to precipitate a crisis, hence debt sustainability should be seen as a "mirage" rather than an "oasis". The panel also cautioned that, in the event of a crisis, insufficient and slow injections of debt relief tended to worsen the situation and that greater accountability and longer horizons for ODA pledges needed to be prioritized.

23. Some panellists also noted that, though a debt crisis event did not seem likely, at least in the short term for Africa as a whole, changes in the composition of debt in many African countries could increase the likelihood of future crises. One panellist cautioned that while incurring in debt could help African Governments address their multiple development priorities, they also exerted significant and growing pressures on their limited resources. For example, it was noted that infrastructure development, and Millennium Development Goal and post-2015 priorities in the social, education and health areas, invariably raised the pressure of borrowing even under less favourable conditions, especially as the commodities boom wound down.

24. Based on recent experience, the panellists highlighted that countries which in the past had received debt relief under the Heavily Indebted Poor Countries Initiative were now accumulating debt at a faster rate than those countries which had not received debt relief. They emphasized that that was also a result of a reduction in concessional debt such as grants and an increase in other forms of

non-concessional debt, including domestic debt. Caution needed to be exercised, however, since the cost of the various sources of these funds could vary considerably and could be particularly high for domestic debt and public-private partnerships, which was potentially dangerous for debt sustainability in Africa.

25. During the panel discussion, many delegates thanked UNCTAD for the background note and for organizing the panel on the selected theme, as it was relevant and timely in the context of the forthcoming third International Conference on Financing for Development and financing priorities for Africa.

26. Some delegates showed interest in the viability of an African commodity price stabilization fund, but also noted that greater clarity was needed on what commodities would be considered as there was a wide range of agricultural and mineral commodities being produced. Due consideration could also be given to national rather than regional funds as a viable alternative.

27. Some other delegates noted that, when analysing the dilemma countries faced between commercial versus concessional loans, it was also important to consider the regional perspectives. Africa was facing a new aegis of regional integration, with the recently launched Tripartite Free Trade Area between the Common Market for Eastern and Southern Africa, East African Community and Southern African Development Community, and there was a strong political commitment to boost intra-African trade. Concessional loans should therefore be focused on regional infrastructure as a priority.

28. Some delegates noted that there was an issue of predictability of ODA and concessional lending in general and that many development partners needed to live up to their commitment of contributing 0.7 per cent of their gross national income in ODA. Some other delegates also noted that it was important to scale up the contribution of domestic revenue through improved tax collection and fighting corruption, as it had been observed that other countries in the region that had focused on raising the efficiency of tax collection had been able to harness more domestic resources for development.

29. Some delegates also noted that the United Nations had a special role to play on the issue of debt restructuring as it was a global issue which required concerted efforts and coordination.

III. Organizational matters

A. Adoption of the agenda and organization of work
(Agenda item 1)

30. At its opening plenary meeting, on 24 June 2015, the Trade and Development Board adopted the provisional agenda for the session as contained in document TD/B/EX(61)/1. Accordingly, the agenda for the executive session was as follows:

1. Adoption of the agenda and organization of work
2. Activities undertaken by UNCTAD in support of Africa
3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

(a) Report of the Working Party on the Strategic Framework and Programme Budget

(b) Report of the Investment, Enterprise and Development Commission

(c) Report of the Trade and Development Commission

4. Preparatory process for the fourteenth session of the Conference

5. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Trade and Development Board

6. Other business

7. Report of the Trade and Development Board on its sixty-first executive session

B. Report of the Trade and Development Board on its sixty-first executive session

(Agenda item 7)

31. At the closing plenary meeting, on 26 June 2015, the Trade and Development Board authorized the completion of the report after the conclusion of the meeting under the authority of the President and the Rapporteur.

Annex I

Attendance*

1. Representatives of the following States members of the Trade and Development Board attended the session:

Algeria
Angola
Austria
Bahrain
Bangladesh
Barbados
Belarus
Benin
Brazil
Canada
China
Colombia
Democratic Republic of the Congo
Djibouti
Dominican Republic
Egypt
El Salvador
Estonia
Ethiopia
Finland
France
Indonesia
Iran (Islamic Republic of)
Iraq
Jamaica
Japan
Jordan
Kenya
Latvia
Malaysia
Malta
Mauritius
Mexico
Morocco
Mozambique
Nepal
Nicaragua
Nigeria
Pakistan
Peru
Philippines
Poland
Portugal
Russian Federation
Saudi Arabia
Senegal
Serbia
Sierra Leone
Spain
Swaziland
Switzerland
Timor-Leste
Togo
Trinidad and Tobago
Tunisia
Uganda
United Republic of Tanzania
United States of America
Uruguay

2. The following intergovernmental organizations were represented at the session:

Organization of Islamic Cooperation
South Centre

3. The following specialized agencies or related organizations were represented at the session:

United Nations Industrial Development Organization
World Trade Organization

* This attendance list contains registered participants. For the list of participants, see TD/B/EX(61)/Inf.1.

4. The following non-governmental organizations were represented at the session:

General category

International Network for Standardization of Higher Education Degrees
Organisation camerounaise de promotion de la coopération économique internationale